



ANNUAL STATEMENT
For the Year Ending December 31, 2007
OF THE CONDITION AND AFFAIRS OF THE
HealthPlus of Michigan, Inc.

NAIC Group Code	3409 (Current Period)	3409 (Prior Period)	NAIC Company Code	95580	Employer's ID Number	38-2160688
Organized under the Laws of	Michigan		State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[] Dental Service Corporation[] Other[]		Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[X] No[] N/A[]		Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[X]	
Incorporated/Organized	08/09/1977		Commenced Business	10/15/1979		
Statutory Home Office	2050 South Linden Road (Street and Number)		Flint, MI 48532 (City or Town, State and Zip Code)			
Main Administrative Office			2050 South Linden Road (Street and Number)			
	Flint, MI 48532 (City or Town, State and Zip Code)				(800)332-9161 (Area Code) (Telephone Number)	
Mail Address	2050 South Linden Road, P.O. Box 1700 (Street and Number or P.O. Box)		Flint, MI 48501-1700 (City or Town, State and Zip Code)			
Primary Location of Books and Records			2050 South Linden Road (Street and Number)			
	Flint, MI 48532 (City or Town, State and Zip Code)				(800)332-9161 (Area Code) (Telephone Number)	
Internet Website Address	www.healthplus.org					
Statutory Statement Contact	Matthew Andrew Mendrygal, C.P.A. (Name)		(810)230-2179 (Area Code)(Telephone Number)(Extension)			
	mmendryg@healthplus.com (E-Mail Address)		(810)733-8966 (Fax Number)			

OFFICERS

Name	Title
David Paul Crosby	President
Matthew Andrew Mendrygal C.P.A.	Chief Financial Officer
James Joseph Wascha Esq.	Treasurer #

OTHERS

Dan Ellis Champney Esq., Vice President - Human Resources/General Counsel
Laraine Bernadette Yapo, Vice President - Health Care Services
John Jacob Saalwaechter MD,MBA,CPE, Vice President - Chief Medical Officer
Dona Marie Kyle RN, BSN, Vice President - Medical Management

Bruce Robert Hill, Vice President - Health System/Purchaser Relations
Christine Marie Tomcala, Vice President - Gov't Programs/Member Services
Nancy Susan Jenkins, Vice President - Sales/Product Development

DIRECTORS OR TRUSTEES

Jack Louis Barry MD
Harold Leslie Mallon DDS
Gerald Edward Plesko DO
James Joseph Wascha Esq.
Stephanie Lynn Whisiker-Lewis DO
Patrick Allen Campbell
Roger LaVerne Sharp
Amy Diane Farmer

Vernon Lee Burns
Penelope Drake Pestronk
Peggy Joyce Tortorice
James Michael Van Tiflin
Christopher John Flores
Larry Leigh Carr DO
Miles Conrad Owens
Duane Edward Zuckschwerdt

State of Michigan
County of Genesee ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
David Paul Crosby	Matthew Andrew Mendrygal	James Joseph Wascha, Esq.
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President	Chief Financial Officer	Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me this
day of , 2008

a. Is this an original filing?
b. If no, 1. State the amendment number
2. Date filed
3. Number of pages attached

Yes[X] No[]

(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D)	3,239,948		3,239,948	3,488,460
2.	Stocks (Schedule D)				
2.1	Preferred stocks				
2.2	Common Stocks	19,343,686		19,343,686	19,111,631
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$.....0 encumbrances)	5,676,004		5,676,004	5,469,427
4.2	Properties held for the production of income (less \$.....0 encumbrances)				
4.3	Properties held for sale (less \$.....0 encumbrances)				
5.	Cash (\$.....1,606,642 Schedule E Part 1), cash equivalents (\$.....0 Schedule E Part 2) and short-term investments (\$.....111,858,580 Schedule DA)	113,465,220		113,465,220	93,482,252
6.	Contract loans (including \$.....0 premium notes)				
7.	Other invested assets (Schedule BA)	10,094,116		10,094,116	12,264,507
8.	Receivables for securities				
9.	Aggregate write-ins for invested assets				
10.	Subtotals, cash and invested assets (Lines 1 to 9)	151,818,974		151,818,974	133,816,277
11.	Title plants less \$.....0 charged off (for Title insurers only)				
12.	Investment income due and accrued	505,775		505,775	458,413
13.	Premiums and considerations				
13.1	Uncollected premiums and agents' balances in the course of collection	2,202,066		2,202,066	1,614,881
13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums)				
13.3	Accrued retrospective premiums				
14.	Reinsurance:				
14.1	Amounts recoverable from reinsurers				271,270
14.2	Funds held by or deposited with reinsured companies				
14.3	Other amounts receivable under reinsurance contracts				
15.	Amounts receivable relating to uninsured plans				
16.1	Current federal and foreign income tax recoverable and interest thereon				
16.2	Net deferred tax asset				
17.	Guaranty funds receivable or on deposit				
18.	Electronic data processing equipment and software	3,590,801	2,357,833	1,232,968	1,059,755
19.	Furniture and equipment, including health care delivery assets (\$.....0)	910,554	910,554		
20.	Net adjustment in assets and liabilities due to foreign exchange rates				
21.	Receivables from parent, subsidiaries and affiliates	1,925,008		1,925,008	326,666
22.	Health care (\$.....2,832,194) and other amounts receivable	2,886,470		2,886,470	2,686,223
23.	Aggregate write-ins for other than invested assets	1,246,364	1,246,364		
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	165,086,012	4,514,751	160,571,261	140,233,485
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26.	Total (Lines 24 and 25)	165,086,012	4,514,751	160,571,261	140,233,485
DETAILS OF WRITE-INS					
0901.	.....			
0902.	.....			
0903.	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)				
2301.	Prepaid Expenses	1,246,364	1,246,364		
2302.	.....			
2303.	.....			
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	1,246,364	1,246,364		

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....0 reinsurance ceded)	48,300,196		48,300,196	49,935,247
2.	Accrued medical incentive pool and bonus amounts	20,877,967		20,877,967	18,485,047
3.	Unpaid claims adjustment expenses	1,057,159		1,057,159	948,411
4.	Aggregate health policy reserves				
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserves				
7.	Aggregate health claim reserves				
8.	Premiums received in advance	2,016,865		2,016,865	1,654,740
9.	General expenses due or accrued	7,696,913		7,696,913	6,128,222
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))				
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others	27,443		27,443	60,915
13.	Remittances and items not allocated				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15.	Amounts due to parent, subsidiaries and affiliates	361,946		361,946	140,781
16.	Payable for securities				
17.	Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers)				
18.	Reinsurance in unauthorized companies				
19.	Net adjustments in assets and liabilities due to foreign exchange rates				
20.	Liability for amounts held under uninsured plans				
21.	Aggregate write-ins for other liabilities (including \$.....0 current)	4,224,563		4,224,563	4,724,999
22.	Total liabilities (Lines 1 to 21)	84,563,052		84,563,052	82,078,362
23.	Aggregate write-ins for special surplus funds	X X X	X X X		
24.	Common capital stock	X X X	X X X		
25.	Preferred capital stock	X X X	X X X		
26.	Gross paid in and contributed surplus	X X X	X X X	170,511	170,511
27.	Surplus notes	X X X	X X X		
28.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
29.	Unassigned funds (surplus)	X X X	X X X	75,837,698	57,984,612
30.	Less treasury stock, at cost:				
30.1	.....0 shares common (value included in Line 24 \$.....0)	X X X	X X X		
30.2	.....0 shares preferred (value included in Line 25 \$.....0)	X X X	X X X		
31.	Total capital and surplus (Lines 23 to 29 minus Line 30)	X X X	X X X	76,008,209	58,155,123
32.	Total Liabilities, capital and surplus (Lines 22 and 31)	X X X	X X X	160,571,261	140,233,485
DETAILS OF WRITE-INS					
2101.	Other Current Liabilities	23,063		23,063	24,999
2102.	FEHBP Audit Redetermination	4,000,000		4,000,000	3,500,000
2103.	Medicare Part D settlement				1,200,000
2198.	Summary of remaining write-ins for Line 21 from overflow page	201,500		201,500	
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above)	4,224,563		4,224,563	4,724,999
2301.	.....	X X X	X X X		
2302.	.....	X X X	X X X		
2303.	.....	X X X	X X X		
2398.	Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X		
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		
2801.	.....	X X X	X X X		
2802.	.....	X X X	X X X		
2803.	.....	X X X	X X X		
2898.	Summary of remaining write-ins for Line 28 from overflow page	X X X	X X X		
2899.	TOTALS (Lines 2801 through 2803 plus 2898) (Line 28 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X	1,068,324	1,145,557
2.	Net premium income (including \$.....0 non-health premium income)	X X X	412,622,335	402,271,797
3.	Change in unearned premium reserves and reserve for rate credits	X X X		
4.	Fee-for-service (net of \$.....0 medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate write-ins for other health care related revenues	X X X		
7.	Aggregate write-ins for other non-health revenues	X X X		
8.	Total revenues (Lines 2 to 7)	X X X	412,622,335	402,271,797
Hospital and Medical:				
9.	Hospital/medical benefits		241,974,236	241,396,009
10.	Other professional services			
11.	Outside referrals			
12.	Emergency room and out-of-area		12,415,653	12,136,510
13.	Prescription drugs		82,534,070	85,885,744
14.	Aggregate write-ins for other hospital and medical		11,910	180,559
15.	Incentive pool, withhold adjustments and bonus amounts		20,947,290	19,378,723
16.	Subtotal (Lines 9 to 15)		357,883,159	358,977,545
Less:				
17.	Net reinsurance recoveries			271,270
18.	Total hospital and medical (Lines 16 minus 17)		357,883,159	358,706,275
19.	Non-health claims (net)			
20.	Claims adjustment expenses, including \$.....8,394,792 cost containment expenses		12,052,487	10,810,102
21.	General administrative expenses		27,996,490	26,637,196
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)			
23.	Total underwriting deductions (Lines 18 through 22)		397,932,136	396,153,573
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	14,690,199	6,118,224
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		5,213,748	3,880,293
26.	Net realized capital gains (losses) less capital gains tax of \$.....0		92,550	(13,007)
27.	Net investment gains (losses) (Lines 25 plus 26)		5,306,298	3,867,286
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)]			
29.	Aggregate write-ins for other income or expenses		(179,862)	32,341
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	19,816,635	10,017,851
31.	Federal and foreign income taxes incurred	X X X		
32.	Net income (loss) (Lines 30 minus 31)	X X X	19,816,635	10,017,851
DETAILS OF WRITE-INS				
0601.	.....	X X X		
0602.	.....	X X X		
0603.	.....	X X X		
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
0701.	.....	X X X		
0702.	.....	X X X		
0703.	.....	X X X		
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401.	Other Medical Expense		11,910	180,559
1402.	.....		
1403.	.....		
1498.	Summary of remaining write-ins for Line 14 from overflow page			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)		11,910	180,559
2901.	Other Revenue		21,638	32,341
2902.	Unrecognized Post-retirement Benefits		(201,500)	
2903.	.....		
2998.	Summary of remaining write-ins for Line 29 from overflow page			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)		(179,862)	32,341

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	58,155,123	44,906,604
34.	Net income or (loss) from Line 32	19,816,635	10,017,851
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0	(2,252,034)	3,999,699
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax		
39.	Change in nonadmitted assets	288,485	(769,031)
40.	Change in unauthorized reinsurance		
41.	Change in treasury stock		
42.	Change in surplus notes		
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
44.1	Paid in		
44.2	Transferred from surplus (Stock Dividend)		
44.3	Transferred to surplus		
45.	Surplus adjustments:		
45.1	Paid in		
45.2	Transferred to capital (Stock Dividend)		
45.3	Transferred from capital		
46.	Dividends to stockholders		
47.	Aggregate write-ins for gains or (losses) in surplus		
48.	Net change in capital and surplus (Lines 34 to 47)	17,853,086	13,248,519
49.	Capital and surplus end of reporting year (Line 33 plus 48)	76,008,209	58,155,123
DETAILS OF WRITE-INS			
4701.	.....	.....	.....
4702.	.....	.....	.....
4703.	.....	.....	.....
4798.	Summary of remaining write-ins for Line 47 from overflow page .....	.....	.....
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....	.....	.....

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	411,710,087	405,237,304
2.	Net investment income	5,164,898	3,747,135
3.	Miscellaneous income		
4.	Total (Lines 1 through 3)	416,874,985	408,984,439
5.	Benefit and loss related payments	356,574,519	348,210,325
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	36,463,667	34,175,599
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)		
10.	Total (Lines 5 through 9)	393,038,186	382,385,924
11.	Net cash from operations (Line 4 minus 10)	23,836,799	26,598,515
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	250,000	490,313
12.2	Stocks	421,070	162,001
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds		
12.8	Total investment proceeds (Lines 12.1 to 12.7)	671,070	652,314
13.	Cost of investments acquired (long-term only):		
13.1	Bonds		478,820
13.2	Stocks	642,221	9,673,005
13.3	Mortgage loans		
13.4	Real estate	776,169	1,053,087
13.5	Other invested assets		
13.6	Miscellaneous applications		
13.7	Total investments acquired (Lines 13.1 to 13.6)	1,418,390	11,204,912
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(747,320)	(10,552,598)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock		
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)	(3,106,511)	(1,981,225)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(3,106,511)	(1,981,225)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	19,982,968	14,064,692
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	93,482,252	79,417,560
19.2	End of year (Line 18 plus Line 19.1)	113,465,220	93,482,252

Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001			
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

		1	2	3	4	5	6	7	8	9	10
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1.	Net premium income	412,622,335	362,164,918				7,002,460	43,454,957			
2.	Change in unearned premium reserves and reserve for rate credit										
3.	Fee-for-service (net of \$.....0 medical expenses)										X X X
4.	Risk revenue										X X X
5.	Aggregate write-ins for other health care related revenues										X X X
6.	Aggregate write-ins for other non-health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7.	Total revenues (Lines 1 to 6)	412,622,335	362,164,918				7,002,460	43,454,957			
8.	Hospital/medical benefits	241,974,236	202,473,794				5,300,534	34,199,908			X X X
9.	Other professional services										X X X
10.	Outside referrals										X X X
11.	Emergency room and out-of-area	12,415,653	11,285,513				340,007	790,133			X X X
12.	Prescription drugs	82,534,070	76,207,579				1,296,513	5,029,978			X X X
13.	Aggregate write-ins for other hospital and medical	11,910	11,910								X X X
14.	Incentive pool, withhold adjustments and bonus amounts	20,947,290	21,126,585					(179,295)			X X X
15.	Subtotal (Lines 8 to 14)	357,883,159	311,105,381				6,937,054	39,840,724			X X X
16.	Net reinsurance recoveries										X X X
17.	Total hospital and medical (Lines 15 minus 16)	357,883,159	311,105,381				6,937,054	39,840,724			X X X
18.	Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19.	Claims adjustment expenses including \$.....8,394,792 cost containment expenses	12,052,487	10,535,563				204,724	1,312,200			
20.	General administrative expenses	27,996,490	24,472,857				475,550	3,048,083			
21.	Increase in reserves for accident and health contracts										X X X
22.	Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23.	Total underwriting deductions (Lines 17 to 22)	397,932,136	346,113,801				7,617,328	44,201,007			
24.	Net underwriting gain or (loss) (Line 7 minus Line 23)	14,690,199	16,051,117				(614,868)	(746,050)			
DETAILS OF WRITE-INS											
0501.	.....										X X X
0502.	.....										X X X
0503.	.....										X X X
0598.	Summary of remaining write-ins for Line 5 from overflow page										X X X
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)										X X X
0601.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698.	Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301.	Other Medical	11,910	11,910								X X X
1302.	.....										X X X
1303.	.....										X X X
1398.	Summary of remaining write-ins for Line 13 from overflow page										X X X
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)	11,910	11,910								X X X

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

		1	2	3	4
		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
Line of Business					
1.	Comprehensive (hospital and medical)	362,686,117		521,199	362,164,918
2.	Medicare Supplement				
3.	Dental only				
4.	Vision only				
5.	Federal Employees Health Benefits Plan	7,014,858		12,398	7,002,460
6.	Title XVIII - Medicare	43,465,672		10,715	43,454,957
7.	Title XIX - Medicaid				
8.	Other health				
9.	Health subtotal (Lines 1 through 8)	413,166,647		544,312	412,622,335
10.	Life				
11.	Property/casualty				
12.	TOTALS (Lines 9 to 11)	413,166,647		544,312	412,622,335

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	338,291,418	291,616,207				6,771,267	39,903,944			
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	338,291,418	291,616,207				6,771,267	39,903,944			
2. Paid medical incentive pools and bonuses	18,554,370	18,124,723				56,809	372,838			
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	48,300,196	39,206,610				1,026,845	8,066,741			
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	48,300,196	39,206,610				1,026,845	8,066,741			
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year	20,877,967	20,864,288					13,679			
6. Net healthcare receivables (a)	(279,501)	(326,148)					46,647			
7. Amounts recoverable from reinsurers December 31, current year										
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	49,935,247	41,170,171				861,057	7,904,019			
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	49,935,247	41,170,171				861,057	7,904,019			
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year	18,485,047	17,862,426				56,809	565,812			
11. Amounts recoverable from reinsurers December 31, prior year	271,270	271,270								
12. Incurred benefits:										
12.1 Direct	336,935,868	289,978,794				6,937,055	40,020,019			
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	(271,270)	(271,270)								
12.4 Net	337,207,138	290,250,064				6,937,055	40,020,019			
13. Incurred medical incentive pools and bonuses	20,947,290	21,126,585					(179,295)			

(a) Excludes \$.....0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	18,639,582	15,767,438				567,710	2,304,434			
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	18,639,582	15,767,438				567,710	2,304,434			
2. Incurred but Unreported:										
2.1 Direct	25,648,944	20,888,090				394,511	4,366,343			
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	25,648,944	20,888,090				394,511	4,366,343			
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct	4,011,670	2,551,082				64,624	1,395,964			
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	4,011,670	2,551,082				64,624	1,395,964			
4. TOTALS										
4.1 Direct	48,300,196	39,206,610				1,026,845	8,066,741			
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	48,300,196	39,206,610				1,026,845	8,066,741			

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
Line of Business							
1.	Comprehensive (hospital and medical)	33,068,227	263,071,937	1,026,465	38,180,144	34,094,692	41,170,171
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan	719,888	6,051,379	79,799	947,046	799,687	861,057
6.	Title XVIII - Medicare	8,683,079	31,491,267	67,172	7,999,570	8,750,251	7,904,019
7.	Title XIX - Medicaid						
8.	Other health						
9.	Health subtotal (Lines 1 to 8)	42,471,194	300,614,583	1,173,436	47,126,760	43,644,630	49,935,247
10.	Healthcare receivables (a)	2,471,750	2,322,610	9,617	2,822,578	2,481,367	3,111,696
11.	Other non-health						
12.	Medical incentive pool and bonus amounts	17,201,359	1,353,010	3,743,607	17,134,360	20,944,966	18,485,047
13.	TOTALS (Lines 9 - 10 + 11 + 12)	57,200,803	299,644,983	4,907,426	61,438,542	62,108,229	65,308,598

(a) Excludes \$.....0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2003	2 2004	3 2005	4 2006	5 2007
1.	Prior	47,986				
2.	2003	263,309	38,795			
3.	2004	X X X	290,364	35,055		
4.	2005	X X X	X X X	302,150	47,546	
5.	2006	X X X	X X X	X X X	269,793	57,201
6.	2007	X X X	X X X	X X X	X X X	299,645

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2003	2 2004	3 2005	4 2006	5 2007
1.	Prior	45,783				
2.	2003	302,901	39,410			
3.	2004	X X X	334,394	40,090		
4.	2005	X X X	X X X	356,857	52,420	
5.	2006	X X X	X X X	X X X	363,939	62,118
6.	2007	X X X	X X X	X X X	X X X	363,906

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2003	328,699	302,105	5,585	1.849	307,690	93.608			307,690	93.608
2.	2004	365,473	325,421	6,537	2.009	331,958	90.830			331,958	90.830
3.	2005	389,341	349,696	9,122	2.609	358,818	92.160			358,818	92.160
4.	2006	402,529	357,593	11,335	3.170	368,928	91.653	4,917		373,845	92.874
5.	2007	413,167	299,645	10,174	3.395	309,819	74.986	64,261	1,057	375,137	90.795

12 Total

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Hospital and Medical
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2003	2 2004	3 2005	4 2006	5 2007
1.	Prior	38,321				
2.	2003	239,760	34,755			
3.	2004	X X X	254,480	28,047		
4.	2005	X X X	X X X	265,514	39,632	
5.	2006	X X X	X X X	X X X	235,057	47,819
6.	2007	X X X	X X X	X X X	X X X	261,922

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2003	2 2004	3 2005	4 2006	5 2007
1.	Prior	36,594				
2.	2003	275,090	36,081			
3.	2004	X X X	290,822	32,464		
4.	2005	X X X	X X X	310,630	43,949	
5.	2006	X X X	X X X	X X X	320,373	52,590
6.	2007	X X X	X X X	X X X	X X X	317,223

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2003	296,697	274,516	5,014	1.826	279,530	94.214			279,530	94.214
2.	2004	316,177	282,529	5,660	2.003	288,189	91.148			288,189	91.148
3.	2005	338,101	305,146	7,839	2.569	312,985	92.571			312,985	92.571
4.	2006	353,750	313,476	9,884	3.153	323,360	91.409	4,770		328,130	92.758
5.	2007	362,686	261,922	8,969	3.424	270,891	74.690	55,301	897	327,089	90.185

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)
Federal Employees Health Benefits Plan Premiums
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2003	2 2004	3 2005	4 2006	5 2007
1.	Prior	668				
2.	2003	4,069	839			
3.	2004	X X X	5,046	941		
4.	2005	X X X	X X X	3,597	1,028	
5.	2006	X X X	X X X	X X X	4,502	777
6.	2007	X X X	X X X	X X X	X X X	6,051

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2003	2 2004	3 2005	4 2006	5 2007
1.	Prior	405				
2.	2003	4,915	839			
3.	2004	X X X	6,227	1,181		
4.	2005	X X X	X X X	4,653	1,089	
5.	2006	X X X	X X X	X X X	5,358	856
6.	2007	X X X	X X X	X X X	X X X	6,998

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2003	5,624	4,908	99	2.017	5,007	89.029			5,007	89.029
2.	2004	7,413	5,987	125	2.088	6,112	82.450			6,112	82.450
3.	2005	3,982	4,625	110	2.378	4,735	118.910			4,735	118.910
4.	2006	4,516	5,279	153	2.898	5,432	120.283	80		5,512	122.055
5.	2007	7,015	6,051	180	2.975	6,231	88.824	947		7,178	102.324

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XVIII - Medicare

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2003	2 2004	3 2005	4 2006	5 2007
1.	Prior	3,651				
2.	2003	19,480	3,121			
3.	2004	X X X	30,838	6,067		
4.	2005	X X X	X X X	33,039	6,886	
5.	2006	X X X	X X X	X X X	30,234	8,605
6.	2007	X X X	X X X	X X X	X X X	31,672

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2003	2 2004	3 2005	4 2006	5 2007
1.	Prior	3,589				
2.	2003	22,896	3,253			
3.	2004	X X X	37,345	6,379		
4.	2005	X X X	X X X	41,574	7,382	
5.	2006	X X X	X X X	X X X	38,208	8,672
6.	2007	X X X	X X X	X X X	X X X	39,685

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2003	26,365	22,601	472	2.088	23,073	87.514			23,073	87.514
2.	2004	41,883	36,905	752	2.038	37,657	89.910			37,657	89.910
3.	2005	47,258	39,925	1,173	2.938	41,098	86.965			41,098	86.965
4.	2006	44,263	38,838	1,298	3.342	40,136	90.676	67		40,203	90.828
5.	2007	43,466	31,672	1,025	3.236	32,697	75.224	8,013	160	40,870	94.028

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2003	2 2004	3 2005	4 2006	5 2007
1.	Prior	5,346				
2.	2003		80			
3.	2004	X X X				
4.	2005	X X X	X X X			
5.	2006	X X X	X X X	X X X		
6.	2007	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2003	2 2004	3 2005	4 2006	5 2007
1.	Prior	5,195				
2.	2003		(763)			
3.	2004	X X X		66		
4.	2005	X X X	X X X			
5.	2006	X X X	X X X	X X X		
6.	2007	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2003	13	80			80	615.385			80	615.385
2.	2004										
3.	2005										
4.	2006										
5.	2007										

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other NONE

13 Underwriting Invest Exh Pt 2D - A & H Reserve NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$.....0 for occupancy of own building)			205,334		205,334
2.	Salaries, wages and other benefits	2,522,647	2,411,788	29,236,999		34,171,434
3.	Commissions (less \$.....0 ceded plus \$.....0 assumed)			1,502,973		1,502,973
4.	Legal fees and expenses			265,726		265,726
5.	Certifications and accreditation fees					
6.	Auditing, actuarial and other consulting services			977,510		977,510
7.	Traveling expenses	47,649	4,397	631,382		683,428
8.	Marketing and advertising	6,256		2,979,763		2,986,019
9.	Postage, express and telephone	191,180	223,186	802,881		1,217,247
10.	Printing and office supplies	139,524	53,150	1,220,913		1,413,587
11.	Occupancy, depreciation and amortization	114,449	100	1,449,847		1,564,396
12.	Equipment	6,497	2,674	261,542		270,713
13.	Cost or depreciation of EDP equipment and software	314,302	547,106	3,362,556		4,223,964
14.	Outsourced services including EDP, claims, and other services	4,742,903	188,881	1,859,218		6,791,002
15.	Boards, bureaus and association fees	1,325	5,411	389,360		396,096
16.	Insurance, except on real estate			528,211		528,211
17.	Collection and bank service charges			114,939	34,373	149,312
18.	Group service and administration fees					
19.	Reimbursements by uninsured plans					
20.	Reimbursements from fiscal intermediaries					
21.	Real estate expenses			186,879	112,543	299,422
22.	Real estate taxes					
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes					
23.2	State premium taxes					
23.3	Regulator authority licenses and fees					
23.4	Payroll taxes	190,590	168,636	1,605,413		1,964,639
23.5	Other (excluding federal income and real estate taxes)			2,721		2,721
24.	Investment expenses not included elsewhere					
25.	Aggregate write-ins for expenses	117,470	52,366	(19,587,678)		(19,417,842)
26.	Total expenses incurred (Lines 1 to 25)	8,394,792	3,657,695	27,996,490	146,916	(a) 40,195,893
27.	Less expenses unpaid December 31, current year	564,897	492,262	7,696,913		8,754,072
28.	Add expenses unpaid December 31, prior year	493,174	455,237	6,128,222		7,076,633
29.	Amounts receivable relating to uninsured plans, prior year					
30.	Amounts receivable relating to uninsured plans, current year					
31.	Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	8,323,069	3,620,670	26,427,799	146,916	38,518,454
DETAILS OF WRITE-INS						
2501.	Conferences, Seminars, and Training	15,539	5,466	284,625		305,630
2502.	Charitable Contributions			342,952		342,952
2503.	Affiliates Administrative Fees			(20,278,398)		(20,278,398)
2598.	Summary of remaining write-ins for Line 25 from overflow page	101,931	46,900	63,143		211,974
2599.	Totals (Lines 2501 through 2503 + 2598) (Line 25 above)	117,470	52,366	(19,587,678)		(19,417,842)

(a) Includes management fees of \$.....0 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a)..... 89,750	..... 92,187
1.1	Bonds exempt from U.S. tax	(a).....	.....
1.2	Other bonds (unaffiliated)	(a)..... 92,021	..... 86,382
1.3	Bonds of affiliates	(a).....	.....
2.1	Preferred stocks (unaffiliated)	(b).....	.....
2.11	Preferred stocks of affiliates	(b).....	.....
2.2	Common stocks (unaffiliated) .....	..... 339,488	..... 342,904
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans	(c).....	.....
4.	Real estate	(d).....	..... 112,842
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e)..... 4,877,714	..... 4,926,349
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....	.....
10.	Total gross investment income .....	..... 5,398,973	..... 5,560,664
11.	Investment expenses		(g)..... 146,916
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13.	Interest expense		(h)..... 200,000
14.	Depreciation on real estate and other invested assets		(i).....
15.	Aggregate write-ins for deductions from investment income .....		.....
16.	Total deductions (Lines 11 through 15) .....		..... 346,916
17.	Net Investment income (Line 10 minus Line 16) .....		..... 5,213,748
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....
1501.	.....	.....	.....
1502.	.....	.....	.....
1503.	.....	.....	.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....	.....	.....
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above) .....	.....	.....
(a) Includes \$.....368 accrual of discount less \$.....2,197 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.			
(c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.			
(e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.			
(g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.			
(i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....	.....	.....	.....	.....	.....
1.1	Bonds exempt from U.S. tax .....	.....	.....	.....	.....	.....
1.2	Other bonds (unaffiliated) .....	.....	.....	.....	.....	.....
1.3	Bonds of affiliates .....	.....	.....	.....	.....	.....
2.1	Preferred stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.11	Preferred stocks of affiliates .....	.....	.....	.....	.....	.....
2.2	Common stocks (unaffiliated) .....	..... 92,550	.....	..... 92,550	..... 252,141	.....
2.21	Common stocks of affiliates .....	.....	.....	.....	..... (333,784)	.....
3.	Mortgage loans .....	.....	.....	.....	.....	.....
4.	Real estate .....	.....	.....	.....	.....	.....
5.	Contract loans .....	.....	.....	.....	.....	.....
6.	Cash, cash equivalents and short-term investments .....	.....	.....	.....	.....	.....
7.	Derivative instruments .....	.....	.....	.....	.....	.....
8.	Other invested assets .....	.....	.....	.....	..... (2,170,391)	.....
9.	Aggregate write-ins for capital gains (losses) .....	.....	.....	.....	.....	.....
10.	Total capital gains (losses) .....	..... 92,550	.....	..... 92,550	..... (2,252,034)	.....
DETAILS OF WRITE-INS						
0901.	.....	.....	.....	.....	.....	.....
0902.	.....	.....	.....	.....	.....	.....
0903.	.....	.....	.....	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....	.....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....	.....	.....	.....

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)			
2.	Stocks (Schedule D):			
2.1	Preferred stocks			
2.2	Common stocks			
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens			
3.2	Other than first liens			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company			
4.2	Properties occupied for the production of income			
4.3	Properties held for sale			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6.	Contract loans			
7.	Other invested assets (Schedule BA)			
8.	Receivables for securities			
9.	Aggregate write-ins for invested assets			
10.	Subtotals, cash and invested assets (Lines 1 to 9)			
11.	Title plants (for Title insurers only)			
12.	Invested income due and accrued			
13.	Premium and considerations:			
13.1	Uncollected premiums and agents' balances in the course of collection		12,811	12,811
13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due			
13.3	Accrued retrospective premiums			
14.	Reinsurance:			
14.1	Amounts recoverable from reinsurers			
14.2	Funds held by or deposited with reinsured companies			
14.3	Other amounts receivable under reinsurance contracts			
15.	Amounts receivable relating to uninsured plans			
16.1	Current federal and foreign income tax recoverable and interest thereon			
16.2	Net deferred tax asset			
17.	Guaranty funds receivable or on deposit			
18.	Electronic data processing equipment and software	2,357,833	2,195,193	(162,640)
19.	Furniture and equipment, including health care delivery assets	910,554	950,332	39,778
20.	Net adjustment in assets and liabilities due to foreign exchange rates			
21.	Receivables from parent, subsidiaries and affiliates			
22.	Health care and other amounts receivable		461,094	461,094
23.	Aggregate write-ins for other than invested assets	1,246,364	1,183,806	(62,558)
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	4,514,751	4,803,236	288,485
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26.	Total (Lines 24 and 25)	4,514,751	4,803,236	288,485
DETAILS OF WRITE-INS				
0901.	.....		
0902.	.....		
0903.	.....		
0998.	Summary of remaining write-ins for Line 9 from overflow page			
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)			
2301.	Prepaid Expenses	1,246,364	1,183,806	(62,558)
2302.	.....		
2303.	.....		
2398.	Summary of remaining write-ins for Line 23 from overflow page			
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	1,246,364	1,183,806	(62,558)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations	87,654	86,511	86,660	85,528	85,106	1,033,358
2.	Provider Service Organizations						
3.	Preferred Provider Organizations						
4.	Point of Service	6,281	3,029	2,950	2,880	2,917	34,966
5.	Indemnity Only						
6.	Aggregate write-ins for other lines of business						
7.	TOTAL	93,935	89,540	89,610	88,408	88,023	1,068,324
DETAILS OF WRITE-INS							
0601.	.....					
0602.	.....					
0603.	.....					
0698.	Summary of remaining write-ins for Line 6 from overflow page						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

Notes to Financial Statement

1. Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements of HealthPlus of Michigan, Inc. (the Company) have been prepared in conformity with the 2007 NAIC Annual Statement Instructions and the NAIC Accounting Practices and Procedures Manual as of March 2007, to the extent that the accounting practices, procedures, and reporting standards are not modified by the Michigan Insurance Code or the 2007 Forms and Instructions for Required Filings in Michigan.

B. Management Estimates

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Premium revenue is recognized in the month that members are entitled to health care services. The liability for incurred medical and hospital claims is accrued in the period during which the services are provided and includes estimates of services performed, which have not been reported to the Company.

The Company reports the value of its home office building at depreciated cost on Schedule A - Part 1. The fair value reported on Schedule A - Part 1 is based on a market analysis prepared for the Company by Mr. Winfield Cooper, President, Cooper Commercial, dated May 31, 2002.

In addition, the company uses the following accounting policies:

- 1) Short Term Investments are stated at amortized cost.
- 2) Bonds not backed by other loans are principally stated at amortized cost using the Seriatim Method.
- 3) Common Stocks are reported at market value.
- 4) The Company has no Preferred Stocks to report.
- 5) The Company has no mortgage loans to report.
- 6) Loan Backed Securities are stated at amortized cost. The Scientific Prospective method of amortization is applied.
- 7) The Company carries its investment in HealthPlus Partners, Inc. and HealthPlus Insurance Company at Statutory Equity, and its investment in HealthPlus Options at audited GAAP equity.
- 8) The Company has no ownership interests in joint ventures or limited liability companies.
- 9) The Company has no derivatives to report.
- 10) The Company has not calculated any premium deficiency reserves.
- 11) Unpaid claims include amounts determined from individual case estimates and amounts based on past experiences, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- 12) The Company has not modified its capitalization policy from the prior period.
- 13) Estimated pharmaceutical rebate receivables are based primarily on historical trends.

Notes to Financial Statement

2. Accounting Changes and Corrections of Errors

A. Accounting changes and corrections of errors.

The Company did not discover any material errors or make any material changes in accounting principles during the Year Ended December 31, 2007.

3. Business Combinations and Goodwill

None.

4. Discontinued Operations

None.

5. Investments – Mortgage Loans, Debt Restructuring, Reverse Mortgages, Loan-Backed Securities, Repurchase Agreements

The Company does not have any mortgage loans, debt restructuring, reverse mortgages or repurchase agreements to report.

The Company's Loan-Backed Securities are reported at amortized cost. The Scientific Prospective method of amortization is applied. A PSA (Public Securities Association) rate of 100 is used to determine prepayment assumptions.

The Company has no impairment losses on real estate to report and does not engage in retail land sales.

6. Joint Ventures, Partnerships and Limited Liability Companies

None.

7. Investment Income

The Company does not exclude any investment income due and accrued.

8. Derivative Instruments

None.

9. Income Taxes

The Company is exempt from Federal income tax under Internal Revenue Code Section 501(c)(4). The Company is also exempt from Michigan Single Business Tax.

10. Information Concerning Parent, Subsidiaries and Affiliates

HealthPlus Options, Inc. (HPO) is a wholly owned subsidiary of the Company. HPO began operations in 1990 as a third party administrator. The Company provides administrative services to HPO, and HPO pays the Company a monthly management fee for these services. Those fees amounted to \$5,219,279 in 2007 and \$4,360,433 in 2006. The Company reports its investment in HPO at audited GAAP equity, which amounted to \$990,302 as of December 31, 2007 and is reported on page 2, line 7.

HealthPlus Partners, Inc. (HPP) is a wholly-owned not-for-profit subsidiary of HealthPlus of Michigan, Inc. HPP is a state licensed Health Maintenance Organization serving Medicaid members in the greater Flint and Saginaw regions and began operations on January 1, 2003. The Company reports its investment in HPP at statutory equity, which amounted to \$9,103,814 as of December 31, 2007, and is reported on page 2, line 7. The Company has entered into agreements with HPP for the provision of administrative services. These services amounted to \$14,452,283 in 2007 and \$12,548,462 in 2006.

Notes to Financial Statement

HealthPlus Insurance Company (HPI) is a wholly-owned for-profit subsidiary of HealthPlus of Michigan, Inc. HPI is a state licensed Insurance Company and began operations January 1, 2007 offering a PPO product. The Company reports its investment in HPI at statutory equity, which amounted to \$8,328,825 as of December 31, 2006, and is reported as a subsidiary stock investment on Schedule D – Part 6 – Section 1, page E-14. The Company has entered into agreements with HPI for the provision of administrative services. These services amounted to \$606,836 in 2007.

11. Debt

The Company has no Capital Notes or Other Debts to report.

12. Retirement Plan

A defined contribution plan is provided to substantially all employees of the Company. The Company contributes 7% of participating employees’ annual compensation into the benefit plan. Company contributions were approximately \$1,440,000 in 2007 and \$1,326,000 in 2006.

The Company also has a retiree health insurance program. To be eligible, the participant must have retired from active employment, attained the age of 62 and have 15 years of full-time service. The Company currently funds the cost of these benefits as they are incurred.

On December 8, 2003, the Prescription Drug, Improvement and Modernization Act of 2003 (the Act) was signed into law. The Act introduces a prescription drug benefit under Medicare as well as a federal subsidy to certain sponsors of postretirement health care benefit plans that provide a prescription drug benefit to their enrollees. The Company believes its postretirement benefit plan may qualify for subsidy under the Act.

In accordance with Financial Accounting Standards Board (FASB) Staff Position 106-1, *Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003*, the accumulated postretirement benefit obligation and net periodic postretirement benefit cost do not include the effect of the Act as the Company has elected to defer the accounting for the impact of the Act until pending authoritative guidance is issued. Once issued, such authoritative literature may require the Company to modify previously reported information.

The following table sets forth the plan’s funded status and amounts recognized in the balance sheet for postretirement medical benefits:

	December 31, 2007 (In Thousands)	December 31, 2006 (In Thousands)
Benefit obligation at beginning of year	\$ 29	\$ 10
Interest cost	1	0
Service cost	10	31
Benefit payments	(12)	(20)
Unrecognized actuarial gain	64	8
Benefit obligation at end of year	92	29
Unrecognized net actuarial gain	52	122
Accrued postretirement benefit cost	\$ 144	\$ 151

Notes to Financial Statement

The following is a summary of net periodic postretirement expense:

	Year Ended December 31, 2007 <i>(In Thousands)</i>	Year Ended December 31, 2006 <i>(In Thousands)</i>
Interest cost	\$ 1	\$ 0
Service cost	10	31
Amortization of net actuarial gain	(6)	(6)
Net periodic postretirement cost (income)	<u>\$ 5</u>	<u>\$ 25</u>

The weighted-average annual assumed rate of increase in the per capita cost of covered health care benefits (i.e., health care cost trend rate) is 9% for 2007 and is assumed to decrease 1% per year to 5% in 2015 and remain at that level thereafter. The weighted-average discount rate used in determining the accumulated postretirement obligation was 6.25% at December 31, 2007. The weighted-average discount rate used in determining the net periodic postretirement benefit cost was 5.75% for the years ended December 31, 2007. The Company uses a measurement date of December 31 to measure the obligations.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would not have a material effect on the total service and interest cost components or on the postretirement benefit obligation.

Expected cash flows for the post retirement benefits are as follows (in thousands):

Expected benefit payments for the year ended December 31:	
2008	\$ 28
2009	30
2010	31
2011	49
2012	40
2013 – 2017	373

13. Capital and Surplus, Shareholders’ Dividend Restrictions and Quasi-Reorganizations

The Company has no Shareholder’s Dividend Restrictions or Quasi-Reorganizations to report.

The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

- a. change in unrealized gains and losses: (\$2,252,034)
- b. change in nonadmitted asset values: \$ 288,485

Unrealized gains and losses consist of the following:

Unrealized gains/(losses) on Equity Investments - unaffiliated	\$ 252,141
Unrealized gains/(losses) on Equity Investments – affiliated	(333,784)
Unrealized gains/(losses) on HealthPlus Partners	(2,378,519)
Unrealized gains/(losses) on HealthPlus Options	<u>208,128</u>
	<u>\$ (2,252,034)</u>

Notes to Financial Statement

14. Contingencies

In the normal course of business, HealthPlus of Michigan is a party to certain legal matters. Management is of the opinion that resolution of these matters will not have a material effect on the Company’s financial position or results of operations.

15. Leases

The Company leases office equipment and space under various operating lease agreements. The minimum aggregate rental commitments for these leases is as follows:

Year Ended <u>December 31</u>	Operating Leases <u>(in thousands)</u>
2008	\$308
2009	327
2010	375
2011	<u>382</u>
	<u>\$1,392</u>

Total rental expense for all operating leases was approximately \$394,000 in 2007, and \$357,000 in 2006.

16. Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk.

None.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

None.

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

None.

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

None.

20. Other Items

The Company has no extraordinary items or other disclosures to report.

21. Events Subsequent

There were no events subsequent to the close of the books or accounts for this statement which may have a material effect on the financial condition of the Company.

Notes to Financial Statement

22. Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the Company?
Yes () No (x)

- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?
Yes () No (x)

Section 2 – Ceded Reinsurance Report – Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?
Yes (x) No ()
 - a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate.
\$ 0.

 - b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability for these agreements in this statement?
\$ 0.

- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?
Yes () No (x)

Section 3 – Ceded Reinsurance – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate.
\$ 0.

Notes to Financial Statement

(2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?
Yes () No (x)

(3) Uncollectible Reinsurance

None.

C. Commutation of Ceded Reinsurance

None.

23. Retrospectively Rated Contracts and Contracts Subject to Redetermination

HealthPlus provides health coverage to federal employees under the Federal Employees Health Benefits Program (FEHBP) and is subject to rate redetermination. This program represents 1,900 members and \$7.5 Million of premium revenue to the Company on an annual basis which represents approximately 1.8% of total 2007 premium revenues. Under the terms of the contract with the Office of Personnel Management (OPM) HealthPlus is to provide health coverage at the lowest rate charged to Similar Sized Subscriber Groups (SSSG).

OPM audited the HealthPlus FEHBP program for the six years ended December 31, 2005 and issued a Draft of a Proposed Report in January, 2007. The Report alleges that HPM charged premiums \$5.5 Million in excess of the lowest rates for SSSG during the period. Interest would also be assessed in addition to any settlement amount. Management along with their actuarial and legal advisors on this matter believe that there may be exposure for excess premiums but have estimated this exposure to be a different amount than that estimated in the Report. The Company has asked to inspect the auditor work papers and will contest the allegation.

Any finding that is sustained in this matter is subject to risk sharing provisions in the contracts that HPM had during this period with its provider partners. These provisions mitigate the financial exposure to the Company. Management estimates that the Company's obligation will approximate \$4 Million, net of risk sharing and has provided a reserve for this amount in the financial statements as of December 31, 2007. Interest has also been accrued.

24. Change in Incurred Claims and Claim Adjustment Expenses

Reserves for incurred claims attributable to insured events of prior years has been increased (decreased) by (\$4,171,625) in 2007 and (\$2,525,459) in 2006, net of risk sharing, as a result of re-estimation of unpaid claims. This increase (decrease) is the result of ongoing analysis and original estimates are increased or decreased as additional information becomes known.

25. Intercompany Pooling Arrangements

None.

26. Structured Settlements

Not applicable.

Notes to Financial Statement

27 Health Care Receivables

(a) Pharmaceutical Rebate Receivables

Pharmaceutical rebate receivables consist of actual amounts billed for the previous quarter, based on actual prescriptions filled, and estimates of rebates for the current quarter. Estimated rebates are based primarily on historical trends.

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Invoiced/ Confirmed	Actual rebates Collected Within 90 Days of Invoicing/ Confirmation	Actual Rebates Collected Within 91 to 180 Days of Invoicing/ Confirmation	Actual Rebates Collected More Than 180 Days After Invoicing/ Confirmation
12/31/2007	948,250	0	0	0	0
0930/2007	756,555	951,416	194,861	0	0
06/30/2007	0	942,143	880,986	61,157	0
03/31/2007	0	981,759	857,759	124,000	0
12/31/2006	0	1,103,850	852,285	251,565	0
09/30/2006	0	1,312,462	863,175	449,287	0
06/30/2006	0	1,362,547	1,140,405	222,142	0
03/31/2006	0	1,374,157	1,182,451	191,706	0
12/31/2005	0	1,610,968	1,593,764	17,204	0
09/30/2005	0	1,366,861	1,186,281	180,580	0
06/30/2005	0	1,362,998	1,095,701	267,297	0
03/31/2005	0	1,337,680	1,283,275	54,405	0

(b) Risk Sharing Receivables

The Company has agreements, which provide the basis of payments to different provider groups for the delivery of health care services. The groups include hospitals, physician hospital organizations, and physicians. The agreements include provisions for the sharing of surplus or deficits calculated by the comparison of total expense to funding reported for the Company’s members served by the physicians affiliated with each contracting provider group. The funding levels are primarily based on a percentage of the premium, which the Company receives for providing health insurance coverage to employer groups. Certain of these providers have entered into separate agreements with affiliated hospitals to share any surplus or deficit associated with services to physician members.

The following table details risk sharing receivables recorded in accordance with the provisions of the aforementioned agreements.

Calendar Year	Evaluation Period Year Ending	Risk Sharing Receivable as Estimated And Reported in the Prior Year	Risk Sharing Receivable as Estimated And Reported in the Current Year	Risk Sharing Receivable Invoiced	Risk Sharing Receivable Not Invoiced	Actual Risk Sharing Amounts Collected in Year Invoiced	Actual Risk Sharing Amounts Collected First Year Subsequent	Actual Risk Sharing Amounts Collected Second Year Subsequent	Actual Risk Sharing Amounts Collected – All Other
2007	2007	0	1,127,389	0	0	0	0	0	0
	2008	0	0	0	0	0	0	0	0
2006	2006	0	942,152	942,152	0	942,152	0	0	0
	2007	0	0	0	0	0	0	0	0
2005	2005	0	2,052,513	2,052,513	0	2,052,513	0	0	0
	2006	0	0	0	0	0	0	0	0
2004	2004	0	2,238,138	2,238,138	0	2,238,138	0	0	0
	2005	0	0	0	0	0	0	0	0

Notes to Financial Statement

28. Participating Policies

None.

29. Premium Deficiency Reserves

None.

30. Anticipated Salvage and Subrogation

The Company has not specifically identified any anticipated salvage and subrogation amounts in its calculation of loss reserves.

SUMMARY INVESTMENT SCHEDULE

Investment Categories		Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
		1 Amount	2 Percentage	3 Amount	4 Percentage
1.	Bonds:				
1.1	U.S. treasury securities	700,698	0.462	700,698	0.462
1.2	U.S. government agency obligations (excluding mortgage-backed securities):				
1.21	Issued by U.S. government agencies				
1.22	Issued by U.S. government sponsored agencies	1,181,854	0.778	1,181,854	0.778
1.3	Foreign government (including Canada, excluding mortgage-backed securities)				
1.4	Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41	States, territories and possessions general obligations				
1.42	Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43	Revenue and assessment obligations				
1.44	Industrial development and similar obligations				
1.5	Mortgage-backed securities (includes residential and commercial MBS):				
1.51	Pass-through securities:				
1.511	Issued or Guaranteed by GNMA				
1.512	Issued or Guaranteed by FNMA and FHLMC				
1.513	All other				
1.52	CMOs and REMICs:				
1.521	Issued or guaranteed by GNMA, FNMA, FHLMC or VA				
1.522	Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521				
1.523	All other				
2.	Other debt and other fixed income securities (excluding short term):				
2.1	Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	1,357,396	0.894	1,357,396	0.894
2.2	Unaffiliated foreign securities				
2.3	Affiliated securities				
3.	Equity interests:				
3.1	Investments in mutual funds	10,953,775	7.215	10,953,775	7.215
3.2	Preferred stocks:				
3.21	Affiliated				
3.22	Unaffiliated				
3.3	Publicly traded equity securities (excluding preferred stocks):				
3.31	Affiliated				
3.32	Unaffiliated	61,086	0.040	61,086	0.040
3.4	Other equity securities:				
3.41	Affiliated	8,328,825	5.486	8,328,825	5.486
3.42	Unaffiliated				
3.5	Other equity interests including tangible personal property under lease:				
3.51	Affiliated				
3.52	Unaffiliated				
4.	Mortgage loans:				
4.1	Construction and land development				
4.2	Agricultural				
4.3	Single family residential properties				
4.4	Multifamily residential properties				
4.5	Commercial loans				
4.6	Mezzanine real estate loans				
5.	Real estate investments:				
5.1	Property occupied by company	5,676,004	3.739	5,676,004	3.739
5.2	Property held for production of income (including \$.....0 of property acquired in satisfaction of debt)				
5.3	Property held for sale (including \$.....0 property acquired in satisfaction of debt)				
6.	Contract loans				
7.	Receivables for securities				
8.	Cash, cash equivalents and short-term investments	113,465,220	74.737	113,465,220	74.737
9.	Other invested assets	10,094,116	6.649	10,094,116	6.649
10.	Total invested assets	151,818,974	100.000	151,818,974	100.000

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[] N/A[]
Michigan
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[] No[X]
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2006
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2003
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

06/16/2005
- 3.4 By what department or departments?
Department of Labor & Economic Growth, Office of Financial & Insurance Services, Office of Financial Evaluation
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[] No[X]
- 4.12 renewals?

Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[] No[X]
- 4.22 renewals?

Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

0.000%
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
		.. Yes[] No[X] .	.. Yes[] No[X] .	.. Yes[] No[X] .	.. Yes[] No[X] .	.. Yes[] No[X] .

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young, LLP Suite 1700, 500 Woodward, Detroit, MI, 48226
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Michael J. Cellini, ASA, MAAA, Ernst & Young, LLP, 5 Times Square, New York, NY, 10036
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes[] No[X]
- 11.11 Name of real estate holding company
- 11.12 Number of parcels involved
- 11.13 Total book/adjusted carrying value

\$ 0
- 11.2 If yes, provide explanation
12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes[] No[] N/A[X]
- 12.3 Have there been any changes made to any of the trust indentures during the year?

Yes[] No[] N/A[X]
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes[] No[] N/A[X]

GENERAL INTERROGATORIES (Continued)

- 13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?
a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
c. Compliance with applicable governmental laws, rules and regulations;
d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
e. Accountability for adherence to the code.

Yes[X] No[]
- 13.11 If the response to 13.1 is No, please explain:
- 13.2 Has the code of ethics for senior managers been amended?

Yes[] No[X]
- 13.21 If the response to 13.2 is Yes, provide information related to amendment(s).
- 13.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes[] No[X]
- 13.31 If the response to 13.3 is Yes, provide the nature of any waiver(s).

BOARD OF DIRECTORS

14. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes[] No[X]
15. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes[X] No[]
16. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes[X] No[]

FINANCIAL

17. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes[] No[X]
- 18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

18.11 To directors or other officers

\$ 0

18.12 To stockholders not officers

\$ 0

18.13 Trustees, supreme or grand (Fraternal only)

\$ 0

18.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

18.21 To directors or other officers

\$ 0

18.22 To stockholders not officers

\$ 0

18.23 Trustees, supreme or grand (Fraternal only)

\$ 0

19.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes[] No[X]

19.2 If yes, state the amount thereof at December 31 of the current year:

19.21 Rented from others

\$ 0

19.22 Borrowed from others

\$ 0

19.23 Leased from others

\$ 0

19.24 Other

\$ 0

20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes[] No[X]

20.2 If answer is yes:

20.21 Amount paid as losses or risk adjustment

\$ 0

20.22 Amount paid as expenses

\$ 0

20.23 Other amounts paid

\$ 0

21.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes[X] No[]

21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$ 0
- INVESTMENT
- 22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date?

Yes[X] No[]

22.2 If no, give full and complete information, relating thereto:

23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1).

Yes[] No[X]

23.2 If yes, state the amount thereof at December 31 of the current year:

23.21 Loaned to others

\$ 0

23.22 Subject to repurchase agreements

\$ 0

23.23 Subject to reverse repurchase agreements

\$ 0

23.24 Subject to dollar repurchase agreements

\$ 0

23.25 Subject to reverse dollar repurchase agreements

\$ 0

23.26 Pledged as collateral

\$ 0

23.27 Placed under option agreements

\$ 0

23.28 Letter stock or securities restricted as to sale

\$ 0

23.29 On deposit with state or other regulatory body

\$ 0

23.291 Other

\$ 0

23.3 For category (23.28) provide the following:
- | 1 | 2 | 3 |
|-----------------------|-------------|--------|
| Nature of Restriction | Description | Amount |
| | | |
- 24.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes[] No[X]

24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.

Yes[] No[] N/A[X]

25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes[] No[X]

25.2 If yes, state the amount thereof at December 31 of the current year.

\$ 0

26. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, G - Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook?

Yes[X] No[]

26.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:
- 27.1

GENERAL INTERROGATORIES (Continued)

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Asset Management	611 Woodward Avenue, Detroit, MI, 48226
Citizens Bank Wealth Management	328 S. Saginaw Street, Flint, MI 48502

26.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....

26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year? Yes[] No[X]
26.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....

26.05 Identify all investment advisers, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
111223	Citizens Bank Wealth Management	328 S. Saginaw St., Flint, MI 48502
104234	JP Morgan Asset Management	611 Woodward Ave., Detroit, MI, 48226

27.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])? Yes[X] No[]
27.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.... 4812C1553	JPMorgan Equity Index Fund .....	..... 1,732,381
.... 4812C0381	JPMorgan Core Bond Fund .....	..... 2,441,649
.... 922031794	Vanguard Fixed Inc. Sec Fd GNMA #536 .....	..... 2,400,282
.... 922040100	Vanguard Instl Index Fd .....	..... 4,379,463
27.2999 Total .....	.....	..... 10,953,775

27.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
JPMorgan Equity Index Fund	Exxon-Mobil Corp. ....	..... 67,563	.. 12/31/2007 ..
JPMorgan Equity Index Fund	General Electric Co. ....	..... 50,239	.. 12/31/2007 ..
JPMorgan Equity Index Fund	Microsoft Corp. ....	..... 38,112	.. 12/31/2007 ..
JPMorgan Equity Index Fund	AT&T Inc. ....	..... 32,915	.. 12/31/2007 ..
JPMorgan Equity Index Fund	Proctor & Gamble Co. ....	..... 29,450	.. 12/31/2007 ..
JPMorgan Core Bond Fund	US Treasury Notes .....	..... 34,183	.. 12/31/2007 ..
JPMorgan Core Bond Fund	US Treasury Bonds Coupon STRIPS .....	..... 29,300	.. 12/31/2007 ..
JPMorgan Core Bond Fund	US Treasury Bonds .....	..... 29,300	.. 12/31/2007 ..
JPMorgan Core Bond Fund	US Treasury Bonds .....	..... 19,533	.. 12/31/2007 ..
JPMorgan Core Bond Fund	US Treasury Bonds Coupon STRIPS .....	..... 19,533	.. 12/31/2007 ..
Vanguard Fixed Inc. Sec Fd GNMA #536	GNMA 5.5% .....	..... 998,277	.. 12/31/2007 ..
Vanguard Fixed Inc. Sec Fd GNMA #536	GNMA 6.0% .....	..... 616,152	.. 12/31/2007 ..
Vanguard Fixed Inc. Sec Fd GNMA #536	GNMA 5.0% .....	..... 367,723	.. 12/31/2007 ..
Vanguard Fixed Inc. Sec Fd GNMA #536	GNMA 6.5% .....	..... 240,028	.. 12/31/2007 ..
Vanguard Fixed Inc. Sec Fd GNMA #536	TriParty Repurchase Agreement .....	..... 63,127	.. 12/31/2007 ..
Vanguard Instl Index Fd	Exxon-Mobil Corp. ....	..... 175,179	.. 12/31/2007 ..
Vanguard Instl Index Fd	General Electric Co. ....	..... 127,004	.. 12/31/2007 ..
Vanguard Instl Index Fd	Microsoft Corp. ....	..... 96,348	.. 12/31/2007 ..
Vanguard Instl Index Fd	AT&T Inc. ....	..... 87,589	.. 12/31/2007 ..
Vanguard Instl Index Fd	Proctor & Gamble Co. ....	..... 78,830	.. 12/31/2007 ..

28. Provide the following information for all short term and long term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

GENERAL INTERROGATORIES (Continued)

		1	2	3
		Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1	Bonds	115,098,528	115,197,429	98,901
28.2	Preferred stocks			
28.3	Totals	115,098,528	115,197,429	98,901

28.4 Describe the sources of methods utilized in determining the fair values
Fair values are provided by the Company's investment custodians.

29.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes[X] No[]
29.2 If no, list exceptions:

OTHER

30.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$. 121,258
30.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Michigan Association of Health Plans	56,000
Americas Health Insurance Plans	65,258

31.1 Amount of payments for legal expenses, if any? \$. 265,726
31.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
King, Pagano, Harrison	89,111

32.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$. 0
32.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1 Name	2 Amount Paid
.....

GENERAL INTERROGATORIES (Continued)

1
Name of Service Area
Livingston County, MI
Clare County, MI
Portions of Sanilac County, MI
Portions of Huron County, MI
Portions of Midland County, MI
Portions of St. Clair County, MI
Portions of Gladwin County, MI
Portions of Isabella County, MI
Portions of Gratiot County, MI
Portions of Montcalm County, MI
Portions of Macomb County, MI

FIVE-YEAR HISTORICAL DATA

	1 2007	2 2006	3 2005	4 2004	5 2003
BALANCE SHEET (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	160,571,261	140,233,485	114,252,546	91,123,867	81,546,425
2. Total liabilities (Page 3, Line 22)	84,563,052	82,078,362	69,345,942	57,685,994	52,985,193
3. Statutory surplus	31,117,518	31,940,462	15,570,116	14,615,243	13,144,091
4. Total capital and surplus (Page 3, Line 31)	76,008,209	58,155,123	44,906,604	33,437,873	28,561,232
INCOME STATEMENT (Page 4)					
5. Total revenues (Line 8)	412,622,335	402,271,797	389,252,895	365,381,075	328,602,269
6. Total medical and hospital expenses (Line 18)	357,883,159	358,706,275	350,236,408	333,828,994	302,129,822
7. Claims adjustment expenses (Line 20)	12,052,487	10,810,102	8,441,249	6,415,133	5,642,167
8. Total administrative expenses (Line 21)	27,996,490	26,637,196	22,248,960	19,452,340	17,026,205
9. Net underwriting gain (loss) (Line 24)	14,690,199	6,118,224	8,326,278	5,684,608	3,804,075
10. Net investment gain (loss) (Line 27)	5,306,298	3,867,286	2,502,913	1,199,992	1,096,009
11. Total other income (Lines 28 plus 29)	(179,862)	32,341	28,156	36,146	29,159
12. Net income or (loss) (Line 32)	19,816,635	10,017,851	10,857,347	6,920,746	4,929,243
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	23,836,799	26,598,515	24,066,024	12,121,379	1,449,930
RISK-BASED CAPITAL ANALYSIS					
14. Total adjusted capital	76,008,209	58,155,123	44,906,604	33,437,873	28,561,232
15. Authorized control level risk-based capital	15,558,759	15,970,231	15,276,403	14,304,774	13,088,051
ENROLLMENT (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	88,023	93,935	99,269	103,266	107,616
17. Total members months (Column 6, Line 7)	1,068,324	1,145,557	1,208,409	1,258,910	1,287,996
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	86.7	89.2	90.0	91.0	92.0
20. Cost containment expenses	2.0	1.8	1.4	1.2	X X X
21. Other claims adjustment expenses	0.9	0.9	0.8	0.5	
22. Total underwriting deductions (Line 23)	96.4	98.5	97.9	98.4	98.8
23. Total underwriting gain (loss) (Line 24)	4	2	2	2	1
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Column 5)	62,108,229	51,960,649	39,045,857	39,410,873	49,759,802
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	65,308,598	54,541,377	41,512,276	39,976,971	50,315,687
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 25, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 39, Column 1)					
28. Affiliated common stocks (Sch. D Summary, Line 53, Column 1)	8,328,825	8,662,609			
29. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Column 5, Line 7)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated	10,094,116	12,264,507	9,043,033	7,898,071	7,295,785
32. Total of above Lines 26 to 31	18,422,941	20,927,116	9,043,033	7,898,071	7,295,785

SCHEDULE D - SUMMARY BY COUNTRY
Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description			1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1.	United States	1,882,552	1,949,824	1,876,670	1,900,000
	2.	Canada				
	3.	Other Countries				
	4.	Totals	1,882,552	1,949,824	1,876,670	1,900,000
States, Territories and Possessions (Direct and Guaranteed)	5.	United States				
	6.	Canada				
	7.	Other Countries				
	8.	Totals				
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	9.	United States				
	10.	Canada				
	11.	Other Countries				
	12.	Totals				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13.	United States				
	14.	Canada				
	15.	Other Countries				
	16.	Totals				
Public Utilities (unaffiliated)	17.	United States				
	18.	Canada				
	19.	Other Countries				
	20.	Totals				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21.	United States	1,357,397	1,389,024	1,358,733	1,350,000
	22.	Canada				
	23.	Other Countries				
	24.	Totals	1,357,397	1,389,024	1,358,733	1,350,000
Parent, Subsidiaries and Affiliates	25.	Totals				
	26.	Total Bonds	3,239,949	3,338,848	3,235,403	3,250,000
PREFERRED STOCKS Public Utilities (unaffiliated)	27.	United States				
	28.	Canada				
	29.	Other Countries				
	30.	Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31.	United States				
	32.	Canada				
	33.	Other Countries				
	34.	Totals				
Industrial and Miscellaneous (unaffiliated)	35.	United States				
	36.	Canada				
	37.	Other Countries				
	38.	Totals				
Parent, Subsidiaries and Affiliates	39.	Totals				
	40.	Total Preferred Stocks				
COMMON STOCKS Public Utilities (unaffiliated)	41.	United States				
	42.	Canada				
	43.	Other Countries				
	44.	Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45.	United States	61,086	61,086	43,822	
	46.	Canada				
	47.	Other Countries				
	48.	Totals	61,086	61,086	43,822	
Industrial and Miscellaneous (unaffiliated)	49.	United States	10,953,776	10,953,776	9,398,129	
	50.	Canada				
	51.	Other Countries				
	52.	Totals	10,953,776	10,953,776	9,398,129	
Parent, Subsidiaries and Affiliates	53.	Totals	8,328,825	8,328,825	8,625,000	
	54.	Total Common Stocks	19,343,687	19,343,687	18,066,951	
	55.	Total Stocks	19,343,687	19,343,687	18,066,951	
	56.	Total Bonds and Stocks	22,583,636	22,682,535	21,302,354	

SCHEDULE D - Verification Between Years
Bonds and Stocks

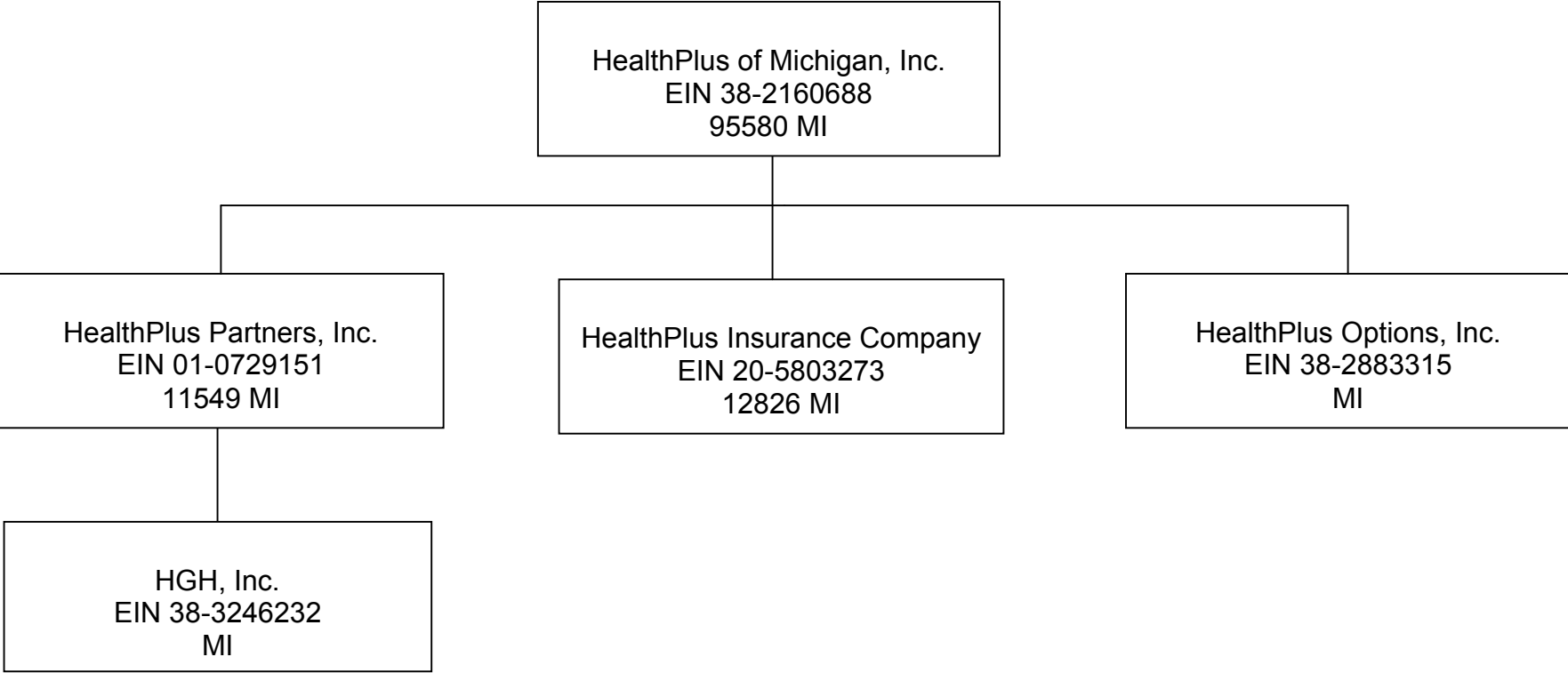
1. Book/adjusted carrying value of bonds and stocks, prior year	22,600,090	7. Amortization of premium.....	2,197
2. Cost of bonds and stocks acquired, Column 7, Part 3.....	642,221	8. Foreign Exchange Adjustment:	
3. Accrual of discount.....	3,685	8.1 Column 15, Part 1.....	
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2, Section 1.....	
4.1 Columns 12 - 14, Part 1.....		8.3 Column 16, Part 2, Section 2.....	
4.2 Column 15 - 17, Part 2, Section 1....		8.4 Column 15, Part 4.....	
4.3 Column 15, Part 2, Section 2.....	(19,371)	9. Book/adjusted carrying value at end of current period.....	22,583,636
4.4 Column 11 - 13, Part 4.....	(62,272)	10. Total valuation allowance.....	
5. Total gain (loss), Column 19, Part 4.....	92,550	11. Subtotal (Lines 9 plus 10).....	22,583,636
6. Deduct consideration for bonds and stocks disposed of		12. Total nonadmitted assets.....	
Column 7, Part 4.....	671,070	13. Statement value of bonds and stocks, current period.....	22,583,636

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS
ALLOCATED BY STATES AND TERRITORIES

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
State, Etc.		Is Insurer Licensed (Yes or No)	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit - Type Contracts
1.	Alabama (AL)	No								
2.	Alaska (AK)	No								
3.	Arizona (AZ)	No								
4.	Arkansas (AR)	No								
5.	California (CA)	No								
6.	Colorado (CO)	No								
7.	Connecticut (CT)	No								
8.	Delaware (DE)	No								
9.	District of Columbia (DC)	No								
10.	Florida (FL)	No								
11.	Georgia (GA)	No								
12.	Hawaii (HI)	No								
13.	Idaho (ID)	No								
14.	Illinois (IL)	No								
15.	Indiana (IN)	No								
16.	Iowa (IA)	No								
17.	Kansas (KS)	No								
18.	Kentucky (KY)	No								
19.	Louisiana (LA)	No								
20.	Maine (ME)	No								
21.	Maryland (MD)	No								
22.	Massachusetts (MA)	No								
23.	Michigan (MI)	Yes	362,686,117	43,465,672		7,014,858			413,166,647	
24.	Minnesota (MN)	No								
25.	Mississippi (MS)	No								
26.	Missouri (MO)	No								
27.	Montana (MT)	No								
28.	Nebraska (NE)	No								
29.	Nevada (NV)	No								
30.	New Hampshire (NH)	No								
31.	New Jersey (NJ)	No								
32.	New Mexico (NM)	No								
33.	New York (NY)	No								
34.	North Carolina (NC)	No								
35.	North Dakota (ND)	No								
36.	Ohio (OH)	No								
37.	Oklahoma (OK)	No								
38.	Oregon (OR)	No								
39.	Pennsylvania (PA)	No								
40.	Rhode Island (RI)	No								
41.	South Carolina (SC)	No								
42.	South Dakota (SD)	No								
43.	Tennessee (TN)	No								
44.	Texas (TX)	No								
45.	Utah (UT)	No								
46.	Vermont (VT)	No								
47.	Virginia (VA)	No								
48.	Washington (WA)	No								
49.	West Virginia (WV)	No								
50.	Wisconsin (WI)	No								
51.	Wyoming (WY)	No								
52.	American Samoa (AS)	No								
53.	Guam (GU)	No								
54.	Puerto Rico (PR)	No								
55.	U.S. Virgin Islands (VI)	No								
56.	Northern Marianas Islands (MP)	No								
57.	Canada (CN)	No								
58.	Aggregate other alien (OT)	X X X								
59.	Subtotal	X X X	362,686,117	43,465,672		7,014,858			413,166,647	
60.	Reporting entity contributions for Employee Benefit Plans	X X X								
61.	TOTAL (Direct Business)	(a) 1	362,686,117	43,465,672		7,014,858			413,166,647	
DETAILS OF WRITE-INS										
5801.		X X X								
5802.		X X X								
5803.		X X X								
5898.	Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

(a) Insert the number of yes responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.:

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



33.33% ownership. Under dissolution.

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